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CIA HISTORICAL REVIEW PROGRAM

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30 January 1976

MEMORANDUM FOR: Kathy Brion
USSR Affairs Division
Bureau of East-West Trade
Department of Commerce

SUBJECT : Status of Soviet Landbridge

Attached is our current assessment of the Soviet Union's Landbridge service as you requested. Should you have any additional questions concerning this topic, call:

Office of Economic Research

Attachment
As stated.

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Landbridge Traffic Soars

Annual freight volume on the TransSiberian Landbridge has soared since the Soviets introduced the service in 1971.

Landbridge is presently carrying nearly 20 percent of the 500,000 containers moving annually between the Far East and Western Europe. Its share of traffic between these major trading areas will continue to increase as the Soviets offer more attractive rates for the service.

In 1971, the Soviets began offering to haul containers overland from the Pacific Ocean to the Baltic Sea at rates 25% below those on all-sea routes. Previously, most goods moving between the two widely-separated regions had moved by ship. When the service began, handling facilities were crude and service was erratic and plagued by delays.

In the past four years, the Soviets have built container handling facilities on the Pacific coast at Nakhodka and Vladivostok and have double-tracked major sections of the TransSiberian rail line. On the Baltic Sea, Moscow has expanded container facilities at Leningrad and Riga to handle increasing volumes of Landbridge traffic. In addition, existing rail service to Europe has recently been supplemented with service to Iran.

The success of the Soviets' effort is causing deep concern for the Europe-Far East Freight Conference, which sets rates and allocates liner sailings on the Europe-Asia sea lanes. Steamship companies in the Conference have been losing business due to the recession, and the Conference has been attempting to impose sanctions on shippers who occasionally use the Soviet

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ail service.

Competition from the TransSiberian route could get tougher if Soviet container-handling facilities are expanded as planned during the next few years. Such expansion is underway already at the Soviet port of Tallin, which will become the USSR's third major Baltic container port. Ilichevsk, the Black Sea port near Odessa is also being expanded for TransSiberian rail traffic.

Meanwhile, the Soviets are competing harder on the price front. Moscow recently began offering to return half the freight charges if scheduled transit times (30 to 45 days, depending on the distance involved) are not met. Transit time by competing ocean transport has been roughly the same since the reopening of the Suez Canal, although previously Landbridge was substantially faster.

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Major Cities Served by Soviet Land Bridge

